



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 22, 2015

For details call: (204)235-2237 or visit

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

Hog Prices: ↓ Soymeal: ↓  
Corn: ↑ CDN Dollar: ↓

**Forward contract prices opened lower this morning.** US cash markets regained some strength yesterday as both ISM and WCB reporting regions saw bid increases of more than \$0.50 USD/cwt over the previous session. The National reporting region saw a decrease in bids by a similar amount, likely a function of packers' ability to secure supplies. Cutout values recovered somewhat, gaining 31 cents for the carcass overall, led by bellies, butts and loins. The Cold Storage report comes out today and some estimates reflect 577.5 million lbs., compared to the seasonal 582 million which is supportive. Lean hog futures continue to see some strength, helped along by some recent strength in the cattle trade that could be sustained at current levels until tomorrow's Hogs and Pigs report. Analysts' estimates for the USDA report reflect thoughts that the impacts of 2014's PEDv epidemic are largely behind, although the under 50 lb. category is estimated at 99.6% of last year's levels and has prompted some to suggest the USDA has underestimated some of the hog herd. Pre-report estimates have all hogs and pigs pegged at 101.5%, the breeding herd at 100.8% and the marketing herd at 101.6% of year ago levels.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading higher. Brazilian weather affecting about 20% of the country in some critical growing areas has the market anticipating production issues and some reports have suggested a 5.7% drop in volumes due to the irregular rain patterns. So far, these concerns are outweighing thoughts that as much as 10 MMT of Argentine beans could enter the system over the next three weeks. However, the immediate Argentine issue is considered short term in nature (incentives to plant notwithstanding), while Brazil's challenges will likely not be realized until harvest.

**US corn futures opened higher this morning.** US export inspections, a recovery from the lows and technical short covering are all cited as factors in the continued strength in the corn trade. Exports came in 160,000 MT higher than the high expectation, providing a boost to the trade just as its coming off recent lows. However, exports still have a way to go to catch up, registering just 19.2% of estimates relative to the 5-year average of 28.4%. Strength in other commodities is also providing support until such time the impacts of 'extra' Argentine product materialize.

US Slaughter	
445,000	Monday
441,000	Monday (year ago)
W. Corn Belt	\$49.57
National Price	\$56.45
Daily Sig 3	\$127.12
Daily Sig 4	\$140.18
Thunder Creek	\$126.88
4-Month Fwd.	\$142.48
<b>B of C Ex. Rate (Noon)</b>	
\$1.3990 CAD / \$0.7148 USD	
<b>Cash Prices Week Ending December 19, 2015</b>	
Signature 3	127.51/57.84
Signature 4	141.46/64.17
h@ms Cash	126.01/57.16
Hylife	139.70/63.37
Thunder Creek	129.50/58.74
ISO Weans	\$43.75 US Avg.
Feeder Pigs	\$52.08 US Avg.
#1 Export Sows (Tagged)	N/A (+500lbs.)

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		126.49 130.96	133.51 136.70	139.13 142.96	143.59 151.34	165.46 178.23	179.51 185.90	178.70 186.53	167.72 183.04	154.37 158.83	153.09 153.73
Maple Leaf Sig. #4		131.76 134.48	137.45 140.91	144.24 147.21	148.20 154.46	166.04 178.90	179.40 183.85	181.32 187.50	177.74 182.19	156.16 171.49	156.90 157.39
Soymeal Wpg Delivered	447	448	450	447	450	450					
Corn	Local delivered price available on request										

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Headingley Main Office	h@ms Holiday Schedule	Winnipeg Livestock (WLS)
8:00AM – 2:00 PM	<b>Thursday, December 24</b>	8:30AM – 12 noon
Closed	<b>Friday, Dec. 25 and Monday, Dec. 28</b>	Closed
8:00AM – 3:00 PM	<b>Thursday, December 31</b>	8:30AM – 12 noon
Closed	<b>Friday, January 1</b>	Closed